

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

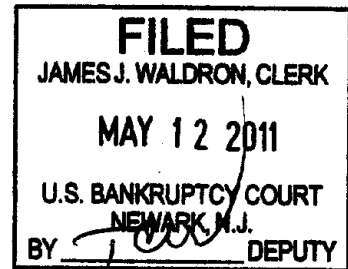
FORMAN HOLT ELIADES & RAVIN LLC
80 Route 4 East, Suite 290
Paramus, NJ 07652
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Proposed Attorneys for Charles M. Forman,
Chapter 7 trustee
Harry M. Gutfleish (HG-6483)

In Re:

THE RUSS COMPANIES, INC., et al.,¹

Debtors.

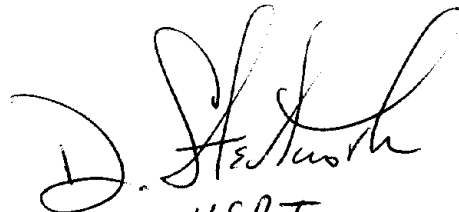
Chapter 7
Case No. 11-22471 (DHS)



**FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363,
364, AND 721, AND RULES 2002, 4001, AND 9014 OF THE
FEDERAL RULES OF BANKRUPTCY PROCEDURE
AUTHORIZING TRUSTEE TO OBTAIN POSTPETITION
FINANCING ON SUPERPRIORITY AND SECURED BASIS,
AND PERMITTING THE USE OF CASH COLLATERAL**

The relief set forth on the following pages, numbered two (2) through forty-two (42), is hereby **ORDERED**.

May 12, 2011


USBT

¹ The Debtors are The Russ Companies, Inc., Russ Berrie Company Investments, Inc., Russ Berrie U.S. Gift Inc., The Encore Group, Inc., Russ Berrie and Company Properties, Inc., and Russplus, Inc.

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Upon the Application for an Order or Orders authorizing the Trustee (a) to operate certain of the Debtors, (b) to obtain post-petition financing (as described herein, the "Postpetition Financing"), (c) to retain certain of the Debtors' employees, (d) to pay pre-petition employee salary, wage, expense reimbursement and other employee obligations, (e) to continue the Debtors' cash management system and (f) granting related relief (the "Application")² filed by Charles M. Forman, as chapter 7 trustee (the "Trustee") in each of the above-captioned cases filed by The Russ Companies, Inc., Russ Berrie Company Investments, Inc., Russ Berrie U.S. Gift Inc., The Encore Group, Inc., Russ Berrie and Company Properties, Inc., and Russplus, Inc. (each individually, a "Debtor" and collectively, the "Debtors") under chapter 7 of title 11 of the United States Code (the "Bankruptcy Code"), and an interim hearing (the "Interim Hearing") having been held on April 21, 2011 and a final hearing (the "Final Hearing") having been held on May 12, 2011, each before this Court (the "Bankruptcy Court"), and due and sufficient notice of the Application and the Interim Hearing and a Final Hearing having been given; and upon the entire record made at the Interim Hearing and a Final Hearing before this Court; and the Court having found good and sufficient cause appearing therefor,

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Credit Agreement or Ratification Agreement (as such terms are defined herein).

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THE TRUSTEE STIPULATES AND THE COURT HEREBY FINDS, DETERMINES, AND CONCLUDES THAT:³

A. Jurisdiction. The Bankruptcy Court has core jurisdiction over the above-captioned chapter 7 cases (the "Chapter 7 Cases"), the Application, and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Application constitutes a core proceeding as defined in 28 U.S.C. §§ 157(b)(8).

B. Notice. Notice of the Application and the Final Hearing was provided to all secured creditors, the Debtors' twenty (20) largest unsecured creditors and the United States Trustee, which constitutes due and sufficient notice thereof pursuant to Rules 2002 and 4001(b) and (c) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

C. Petition Date. On April 21, 2011 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 7 of the Bankruptcy Code. Pursuant to section 721 of the Bankruptcy Code, the Trustee is authorized to operate the Debtors' business for a short period of time in order to protect and preserve the assets of the Debtors and permit the Trustee to liquidate them in the most effective and cost-efficient manner.

D. Prepetition Credit Agreement. Based upon information provided to the Trustee and subject to paragraph 19 herein, the Trustee ratifies, acknowledges, admits, and confirms the following, all as set forth more fully on Schedule 1 hereto:

³ Findings of fact contained herein shall be construed as conclusions of law, and conclusions of law contained herein

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(a) Pursuant to that certain Credit and Security Agreement, dated as of December 23, 2008 (as amended, modified, supplemented or restated from time to time, the "Credit Agreement"), by and among each of the Debtors as borrowers, Richard D. Snow and Amram's Distributing Ltd., as guarantors, and Wells Fargo Bank, National Association, acting through its operating division Wells Fargo Capital Finance ("Wells Fargo" or the "Prepetition Lender") as lender, Wells Fargo agreed to provide the Debtors with a revolving line of credit for working capital purposes and to facilitate the issuance of documentary and standby letters of credit, in the maximum aggregate principal amount of \$25,000,000. To induce Wells Fargo to extend credit to the Debtors under the Credit Agreement, each Debtor granted to Wells Fargo a lien and security interest (the "Prepetition Liens") in substantially all of its assets, as more fully described in the Credit Agreement (the "Prepetition Collateral"). As of April 21, 2011, the aggregate outstanding indebtedness under the Credit Agreement is \$13,006,694.69 (not including prepetition interest accruing since April 1, 2011 and other additional charges and fees accrued prepetition that are owed to the Prepetition Lender under the Credit Agreement) (the "Prepetition Obligations").

(b) The Prepetition Liens are (i) valid, binding, perfected, enforceable liens on the Prepetition Collateral and, subject to section 552 of the Bankruptcy Code, all postpetition

(continued...)

shall be construed as findings of fact.

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proceeds, products, offspring, rents and profits thereof, (ii) not subject to avoidance, recharacterization, reduction, disallowance, impairment, or subordination under the Bankruptcy Code or applicable non-bankruptcy law, and (iii) subject and subordinate only to (A) the WF Adequate Protection Liens (as defined below), (B) the Carve-Out (as defined below and to which the WF Adequate Protection Liens and the Subordinated Adequate Protection Liens (as defined below) are subject), and (C) the Liens (as defined below).

(c) The Prepetition Obligations constitute legal, valid, and binding obligations of the Debtors, enforceable in accordance with their terms, and no objection, offset, defense, or counterclaim of any kind or nature to the Prepetition Obligations exists. The Prepetition Obligations, and any amounts previously paid to the Prepetition Lender on account thereof or with respect thereto, are not subject to avoidance, recharacterization, reduction, disallowance, impairment, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law. The Debtors, and the Trustee on behalf of the Debtors, do not have, hereby forever release, and are forever barred from bringing, any claims, counterclaims, causes of action, defenses, or setoff rights, whether arising under the Bankruptcy Code or otherwise, with respect to the Prepetition Obligations or against the Prepetition Lender or any of its predecessors in interest, affiliates, subsidiaries, agents, officers, directors, employees, and attorneys, with respect to the Prepetition Obligations and any related guarantees.

(d) The Prepetition Lender perfected its security interests and Prepetition Liens in and

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on the Prepetition Collateral by, among other methods, the filing of UCC-1 financing statements, instruments filed in federal, state, and county offices, mortgages, and other required documents against the Debtors and such collateral with the proper federal, state, and county offices for the perfection of such security interests and Prepetition Liens.

(e) Each of the matters set forth in Schedule 1 attached to this Order and made a part hereof, which Schedule (i) contains provision for the ratification of the Credit Agreement and other prepetition Loan Documents, (ii) sets forth certain terms under which the Lender is making the Postpetition Financing available to the Trustee, and (iii) amends certain provisions of the Credit Agreement.

E. Subordinated Prepetition Notes.

(a) Pursuant to that certain secured promissory note dated December 23, 2008 (the "Kid Note"), Kid Brands, Inc. (f/k/a Russ Berrie and Company Inc.) ("Kid") asserts that TRC delivered to it a promissory note in the original principal amount of \$19,000,000. Kid further asserts that TRC's obligations under the Kid Note are secured by, *inter alia*, the Prepetition Collateral, as more fully described in that certain Subordinated Security Agreement, dated as of December 23, 2008 (the "Kid Security Agreement"), by and between Kid and the Debtors. Pursuant to (i) that certain Intercreditor Agreement by and between Wells Fargo and Kid, dated as of December 23, 2008 (the "WF/Kid Intercreditor Agreement") and (ii) the Kid

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Security Agreement, Kid's security interest in the Prepetition Collateral is subordinated to Wells Fargo's interest in the Prepetition Collateral.

(b) Pursuant to that certain Amended and Restated Subordinated Promissory Note dated December 23, 2008 (the "Hanes Note"), Eldridge C. Hanes ("Hanes") asserts that the Encore Group, Inc. ("Encore") delivered to Hanes a promissory note in the original principal amount of \$500,000. Hanes further asserts that Encore's obligations under the Hanes Note are secured by, *inter alia*, the Prepetition Collateral, as more fully described in that certain subordinated Security Agreement dated as of December 23, 2008 (the "Hanes Security Agreement") by and between Hanes and the Debtors. Pursuant to the Hanes Security Agreement and that certain Subordination Agreement dated as of December 23, 2008 by and between Wells Fargo and Hanes (the "Hanes Subordination Agreement"), Hanes's interest in the Prepetition Collateral is subordinated to Wells Fargo's interests in the Prepetition Collateral. Pursuant to that certain Intercreditor Agreement by and between Hanes and Kid dated December 23, 2008, Hanes and Kid agreed, among other things, that their liens were secured on an equal, ratable and *pari passu* basis to the extent of the Debtors' respective obligations under the Kid Note and the Hanes Note.

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F. Cash Collateral. For purposes of this Order, "Cash Collateral" shall have the meaning set forth in section 363(a) of the Bankruptcy Code.

G. Prepetition Lender's Consent. The Prepetition Lender consents to the Trustee's use of the Cash Collateral and the priming of the Prepetition Liens by the Liens, solely on the terms and conditions set forth in this Order, and in accordance with the budget attached hereto as Exhibit 2 (the "Budget"). The adequate protection provided herein and other benefits and privileges contained herein are consistent with and authorized by the Bankruptcy Code and are necessary in order to obtain such consent.

H. Findings Regarding the Use of Cash Collateral.

(a) Good cause has been shown for the entry of this Final Order. The Trustee has an immediate and critical need to use the Cash Collateral in order to continue to operate the Debtors' business for a short period of time in order to protect and preserve the assets of the Debtors and permit the Trustee to liquidate them in the most effective and cost-efficient manner. The Trustee's use of Cash Collateral has been deemed sufficient to meet the Trustee's immediate liquidity needs, subject to the terms of this Order, and all other agreements, documents, notes, or instruments delivered pursuant hereto or thereto or in connection herewith or therewith, including, without limitation, the Budget.

(b) The ability of the Trustee to have sufficient available sources of working capital to continue the Debtors' business and maximize the value of the assets depends upon the

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Trustee's use of Cash Collateral. The Trustee has requested that the Prepetition Lender consent to (i) the Trustee's use of Cash Collateral, solely in accordance with the terms of this Order and the Budget, and (ii) the priming of the Prepetition Liens on the Prepetition Collateral to the extent provided herein. The Prepetition Lender is willing to provide such financial accommodations on a superpriority and secured basis, as more particularly described herein.

(c) Based on the record presented to the Court at the Interim Hearing and the Final Hearing, good, adequate, and sufficient cause has been shown to justify the immediate grant of the relief requested in the Application to avoid irreparable harm to the estate. The terms of the Trustee's use of the Cash Collateral, as more fully set forth herein, are (i) fair and reasonable, (ii) reflect the Trustee's prudent exercise of business judgment consistent with its fiduciary duties, (iii) constitute reasonably equivalent value and fair consideration for the Prepetition Lender's consent thereto, and (iv) are essential and appropriate under the circumstances of these Chapter 7 Cases. Entry of this Order is therefore in the best interests of the estate and all parties in interest in these cases.

I. Necessity for Postpetition Financing.

(a) Good cause has been shown for the entry of this Order.

(b) The Trustee needs to obtain postpetition financing to avoid irreparable harm to the estate. Obtaining postpetition financing is in the best interests of the estate.

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(c) The Trustee is unable to obtain (i) adequate unsecured credit allowable under sections 503(b)(1) or 364(c)(1) of the Bankruptcy Code, as an administrative expense or (ii) secured credit allowable only under sections 364(c)(2) or 364(c)(3) of the Bankruptcy Code, without granting to the Lender the Superpriority Claim (as defined below) and the Liens.

J. Reasonable Terms; Good Faith.

(a) The terms of the proposed postpetition financing (the "Postpetition Financing") and use of Cash Collateral are fair and reasonable, are supported by reasonably equivalent value and fair consideration, and reflect the Trustee's exercise of prudent business judgment consistent with his fiduciary duties to the estates.

(b) The Postpetition Financing and the terms of use of the Cash Collateral have been negotiated in good faith and at arm's-length.

(c) All of the indebtedness and other obligations to the Lender (the "Trustee Obligations") arising under the terms and conditions of the Credit Agreement, as deemed amended and modified pursuant to this Order and all related guaranty, security and other agreements, documents, notes and instruments together with all exhibits, schedules, annexes and appendices thereto, delivered pursuant hereto or thereto, or in connection herewith or therewith (collectively, the "Trustee Loan Documents") shall be deemed to have been extended by the Lender in good faith, as that term is used in section 364(e) of the Bankruptcy Code. The Trustee Obligations and the Prepetition Obligations together are referred to as the "Obligations."

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K. Protections of Section 364(e) of the Bankruptcy Code. All of the credit extended pursuant to the Trustee Loan Documents (including all of the Trustee Obligations) after entry of this Order was extended by the Lender in good faith and in express reliance upon the protections afforded to postpetition lenders under section 364(e) of the Bankruptcy Code, and accordingly, all of the Trustee Obligations shall be entitled to the full protections of section 364(e) of the Bankruptcy Code in the event this Order or any provision hereof is vacated, reversed, or modified, whether on appeal or otherwise. Upon execution and delivery of the Trustee Loan Documents, they shall constitute valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with the terms of the Trustee Loan Documents, this Order, and section 364(e) of the Bankruptcy Code.

The Prepetition Lender is permitting the use of its Cash Collateral and the priming of its Prepetition Liens in good faith and in express reliance upon the protections afforded to prepetition lenders pursuant to section 364(e) of the Bankruptcy Code and, accordingly, shall be entitled to the full protections of section 364(e) of the Bankruptcy Code in the event this Order or any provision hereof is vacated, reversed, or modified.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED EFFECTIVE IMMEDIATELY, AND AGREED AMONG THE PARTIES, THAT:

1. Authorization to Use Cash Collateral. Subject to the terms and conditions set forth in this Order and the Trustee Loan Documents (including, without limitation, the WF

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Adequate Protection Obligations and the WF Adequate Protection Liens provided herein), upon entry of this Order, the Trustee is authorized, pursuant to section 363(c)(2)(B) of the Bankruptcy Code, to use the Cash Collateral and the proceeds of the Postpetition Financing solely and exclusively for the disbursements set forth in the Budget, for the period of time from the date hereof, until the earliest to occur of (a) the date that this Order ceases to be in full force and effect, or (b) the occurrence of the Termination Date in accordance with Paragraph 13 hereof, at which time (i) all accrued interest and fees and all other WF Adequate Protection Obligations shall, in each instance, be immediately due and payable, (ii) the Prepetition Lender shall have all other rights and remedies provided in this Order and under applicable law, and (iii) the Trustee's authority to use the Cash Collateral shall automatically terminate without further order or relief from the Court. Notwithstanding anything herein to the contrary, and except as otherwise provided herein, all of the rights, remedies, benefits, and protections provided to the Prepetition Lender, Hanes and Kid under this Order shall survive the Termination Date. Wells Fargo and the Trustee, on behalf of the Debtors, may at any time submit an amended Budget to be considered by the Court at a hearing scheduled on not less than three (3) days' notice to Hanes and Kid. The Budget may not be amended absent the consent of Wells Fargo.

2. Limitations on Use of Cash Collateral. Subject to the terms and conditions of this Order, the Prepetition Lender is willing to consent to the Trustee's use of Cash Collateral in accordance with the Budget; provided that the Trustee's use of Cash Collateral shall be limited as

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follows: (i) until such time as the Obligations have been paid and satisfied in full, the proceeds of the accounts receivable shall continue to be received and processed in accordance with the Credit Agreement; and (ii) no Cash Collateral shall be utilized for the payment of professional fees, disbursements, costs, or expenses incurred in connection with (x) asserting or preparing for any claims or causes of action against the Prepetition Lender or the Lender, (y) challenging or raising any defenses to the Trustee Obligations, the WF Adequate Protection Obligations, the Prepetition Obligations, or the advances or other obligations under the Postpetition Financing, or (z) taking, preparing for, or encouraging any other party to take any action reasonably construed as adverse to the Lender or the Prepetition Lender.

3. Adequate Protection Obligations.

(a) Pursuant to sections 361, 363(e), and 364(c)(1) and (d)(1)(B) of the Bankruptcy Code the Prepetition Lender is entitled to adequate protection of its interest in the Prepetition Collateral, including the Cash Collateral (the "WF Adequate Protection Obligations"). For purposes hereof, the "WF Adequate Protection Obligations" shall include an amount for and equal to the amount of the aggregate diminution in the value of the Prepetition Lender's interests in the Prepetition Collateral, including any such diminution resulting from (a) the use of Cash Collateral (expressly including, among other things, the aggregate amount of the Cash Collateral used by the Trustee from and after the Petition Date), (b) the sale, lease, or use by the Trustee (or

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other decline in value) of the Prepetition Collateral, and (c) the imposition of the automatic stay under section 362 of the Bankruptcy Code.

(b) Without acknowledging or admitting that Kid and Hanes have an interest in the Prepetition Collateral, or that Kid's and Hanes's interests in the Prepetition Collateral are not adequately protected to the extent required by the Bankruptcy Code, Kid and Hanes may be entitled to adequate protection of their interests in the Prepetition Collateral, (the "Subordinated Adequate Protection Obligations"), subordinate to the WF Adequate Protection Obligations. For purposes hereof, the "Subordinated Adequate Protection Obligations" shall be limited to the adequate protection required under section 361(2) of the Bankruptcy Code or available under section 507(b) of the Bankruptcy Code. Nothing in this Order is intended or shall be interpreted to ratify or otherwise validate Kid's and Hanes's subordinated prepetition interest in the Prepetition Collateral or to limit the Trustee's ability to challenge such interests or Kid's and Hanes's entitlement to adequate protection.

4. Authorization of Trustee Loan Documents, Trustee Obligations and Postpetition Financing.

(a) The Trustee is hereby authorized on an interim basis to incur the Postpetition Financing and to borrow monies from the Lender up to an aggregate principal amount of \$25,000,000 in accordance with the terms of this Order and the Trustee Loan Documents. Such funds shall only be used for purposes permitted or prescribed under the Trustee Loan

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Documents, the Budget and this Order. Wells Fargo agrees to make Postpetition Advances available to the Trustee subject to the terms and conditions of this Order and the Trustee Loan Documents and in accordance with the Budget.

(b) As of each period end the outstanding principal balance under the Trustee Loan Documents shall not exceed:

Period Ending	Maximum Loan Balance
5/6/11	\$14,000,000
5/20/11	\$12,750,000
6/3/11	\$8,100,000
6/17/11	\$6,600,000
7/1/11	\$4,700,000
7/15/11	\$4,400,000
7/29/11	\$150,000
8/12/11	\$100,000
8/26/11	\$0

(c) The Trustee is expressly authorized and directed to do and perform all acts and to make, execute, and deliver all instruments and documents as may be reasonably required by the Trustee Loan Documents (including, without limitation, the execution or recordation of security agreements, control agreements, mortgages and financing statements).

(d) The Trustee is authorized to execute and deliver amendments to the Trustee Loan Documents as may be agreed by the parties thereto. Any such amendment shall become effective five (5) days after copies of all such amendments are filed with the Court and served upon the counsel to the United States Trustee, Kid, Hanes and all persons who properly filed notices of appearances and requests for service pursuant to Bankruptcy Rule 2002.

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(e) The terms of the Credit Agreement, as modified by this Order, and the terms of (i) that certain Continuing Guaranty, dated December 23, 2008 (the "Snow Guaranty"), executed by Richard D. Snow in favor of Wells Fargo relative to the obligations of the Debtors under the Credit Agreement, (ii) that certain General Security Agreement, dated December 23, 2008 (the "Amram's Agreement"), executed by Amram's Distributing Ltd. ("Amram's") in favor of Wells Fargo relative to the obligations of the Debtors under the Credit Agreement, (iii) the Hanes Subordination Agreement, and (iv) that certain, Subordination Agreement of Chengteh Chinaware Co., dated as of December 23, 2008 (the "Chengteh Subordination Agreement") are each continuing, in full force and effect and enforceable in accordance with their terms. Nothing in this Order shall affect or modify the parties' rights and obligations under the Snow Guaranty, the Amram's Agreement, Hanes Subordination Agreement, and/or the Chengteh Subordination Agreement.

5. Conditions to Lending. The Lender's obligation to fund the Postpetition Financing is conditioned upon approval of this Order, in form and substance acceptable to Wells Fargo in its sole discretion.

6. Superpriority Claims.

(a) For all of the Trustee Obligations, the Lender is hereby granted, pursuant to section 364(c)(1) of the Bankruptcy Code, an allowed superpriority administrative expense claim (collectively, the "Superpriority Claim"), which allowed superpriority claim shall be payable

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from and have recourse to all prepetition and postpetition property of the estates and the proceeds thereof (but excluding avoidance actions under sections 542, 544, 545, 547, 548, 550, 551 or 553 of the Bankruptcy Code (the "Avoidance Actions") and any recoveries therefrom (the "Avoidance Action Recoveries")), with priority over any and all administrative expenses, claims for adequate protection, and all other claims against the Debtors, now existing or hereafter arising (whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment), including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code (if any), and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 365, 502(b), 506(c), 507(a), 546, and 726 of the Bankruptcy Code and including administrative expenses arising under or out of any superseding case under chapter 11 of the Bankruptcy Code or any other proceeding related hereto or thereto, subject only to payment of the Carve-Out (as defined herein).

(b) The Prepetition Lender is hereby granted in each of the Debtors' Chapter 7 Cases an allowed, superpriority administrative expense claim (the "Cash Collateral Superpriority Claim") under section 507(b) of the Bankruptcy Code with respect to all WF Adequate Protection Obligations. The Cash Collateral Superpriority Claim shall have priority over all administrative expenses of the kind specified in, or ordered pursuant to, any provision of the Bankruptcy Code, including, without limitation, those specified in, or ordered pursuant to,

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sections 105, 326, 328, 330, 503(b), 506(c), 507(a), 507(b), 546(c), and 726 of the Bankruptcy Code, or otherwise (whether incurred in any of the Chapter 7 Cases or any other proceeding related hereto or thereto), which Cash Collateral Superpriority Claims shall be payable from and have recourse to all prepetition and postpetition property of the Debtors and all proceeds thereof (other than the Avoidance Actions and the Avoidance Action Recoveries). The Cash Collateral Superpriority Claim shall be subject and subordinate only to the Superpriority Claim and the Carve-Out.

7. Liens.

(a) In accordance with section 364(d)(1) of the Bankruptcy Code, as security for the Trustee Obligations, deemed effective and perfected as of the Petition Date and without the necessity of the Trustee or the Lender incurring the expense for the execution, recordation of filings of mortgages, security agreements, control agreements, pledge agreements, financing statements or other similar documents, or possession or control of applicable assets, the Lender shall be granted a valid, perfected, priming, first-priority senior security interest in and liens on all of the Debtors' now owned and hereafter acquired, created or arising Collateral (as defined below) subject to the payment of the Carve-Out (all such liens and security interests granted to the Lender pursuant to this Order and the Trustee Loan Documents, the "Liens"). For purposes hereof, "Collateral" is defined as all assets and property included in the Debtors' estates, including without limitation, all present and future accounts, deposit accounts (including, without

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limitation, any deposit accounts opened by the Trustee, wherever located), chattel paper, equipment, documents, general intangibles, held items, investment property, instruments, inventory, items of payment, proceeds, products, Real Property, interests in Real Property, records and all other Collateral as set forth in the Trustee Loan Documents (other than the Avoidance Actions and the Avoidance Action Recoveries). Notwithstanding the foregoing, any Liens with respect to the equity of foreign-owned subsidiaries shall be limited to 65% of the ownership interest in such subsidiaries. The Liens shall extend and attach to all Collateral and any proceeds of Collateral which is presently in existence or hereafter acquired (whether acquired prior to or subsequent to the Petition Date) and which is owned by the Debtors or in which Debtors have any interest, whether held by the Trustee or by others for any of the Debtors' account, wherever located.

(b) To secure the WF Adequate Protection Obligations, deemed effective and perfected as of the Petition Date and without the necessity of the Trustee or the Prepetition Lender incurring the expense for the execution, recordation of filings of mortgages, security agreements, control agreements, pledge agreements, financing statements or other similar documents, or possession or control of applicable assets, the Prepetition Lender shall be granted a valid, perfected security interest in and replacement lien on all of the Collateral subject only to the Liens and the Carve-Out (all such liens and security interests granted to the Prepetition Lender pursuant to this Order, the "WF Adequate Protection Liens"). The WF Adequate

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Protection Liens shall extend and attach to all Collateral and any proceeds of Collateral which is presently in existence or hereafter acquired (whether acquired prior to or subsequent to the Petition Date) and which is owned by the Trustee, the Debtors or in which Debtors have any interest, whether held by the Trustee or by others for any of the Debtors' account, wherever located, to the same extent as the Liens.

(c) Without acknowledging or admitting that Kid's or Hanes's interests in the Prepetition Collateral are not adequately protected to the extent required by the Bankruptcy Code and solely to the extent required by section 361(2) of the Bankruptcy Code, Kid and Hanes shall be granted a security interest in and replacement lien on the Collateral subject to the Liens, the WF Adequate Protection Lien and the Carve-Out (all such liens and security interests granted to Kid and Hanes pursuant to this Order, the "Subordinated Adequate Protection Liens"). The grant of the Subordinated Adequate Protection Liens in this paragraph is not intended and shall not be interpreted to ratify or otherwise validate Kid's and Hane's subordinated prepetition interest in the Prepetition Collateral or to limit the Trustee's ability to challenge such interests or Kid's or Hanes's entitlement to adequate protection.

8. Automatic Stay; Remedies.

(a) Upon the occurrence of an Event of Default under the Trustee Loan Documents and upon three (3) days' prior written notice to the Trustee, Kid and Hanes all stays and injunctions in the Chapter 7 Cases, including, but not limited to, the automatic stay arising

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under section 362(a) of the Bankruptcy Code, will be terminated as to the Lender and the Prepetition Lender, thereby permitting the Lender and the Prepetition Lender, as applicable, to enforce their remedies against the Collateral, without further order of the Bankruptcy Court and without the need for filing any motion for relief from the automatic stay or any other pleading in order to, *inter alia*,

- (i) Declare the Postpetition Financing to be terminated, whereupon the Postpetition Financing and all rights of the Trustee, on behalf of the Debtors to borrow under the Trustee Loan Documents, shall forthwith terminate;
- (ii) Declare the Trustee Obligations to be forthwith due and payable, whereupon all Obligations shall become and be forthwith due and payable, without presentment, notice of dishonor, protest or further notice of any kind, all of which the Trustee hereby expressly waives;
- (iii) Declare the Trustee's right to use Cash Collateral to be terminated, where upon the same shall forthwith terminate, and the Trustee will immediately turn over to Lender any funds held in any deposit accounts; provided that (i) with the written agreement of the Lender or (ii) pursuant to an order of the Bankruptcy Court upon emergency motion and upon no less than three (3) full business days' notice to Lender and the Prepetition Lender, the Trustee may use only that amount of Cash Collateral necessary to preserve and protect the Collateral for a period not to exceed five (5) days or such additional period of time as the Bankruptcy Court may order or to which Lender agrees in its sole discretion; and
- (iv) Charge the applicable default rate of interest on all Obligations.

(b) Notwithstanding anything herein to the contrary (other than as specified in paragraph 8(a)(iii) above), and notwithstanding the applicability of section 362 of the

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Bankruptcy Code (to the extent necessary to exercise such remedies, relief from automatic stay shall be deemed granted), upon written notice of breach to the Trustee, Kid and Hanes and the Trustee's failure to cure any such breach within three (3) days after receipt of such notice, the Lender and the Prepetition Lender shall (subject to all times to the authority of the Bankruptcy Court to order otherwise within such three (3) day period) also be entitled to immediately exercise any of the following rights and remedies without further order of the Bankruptcy Court and without the need for filing any motion for relief from the automatic stay or any other pleading in order that:

- (i) The Lender may apply any and all money owing by the Lender to the Trustee to the payment of the Obligations, in the Lender's sole discretion;
- (ii) The Lender may exercise and enforce any and all rights and remedies available upon default to a secured party under the UCC, including the right to take possession of Collateral, or any evidence thereof, proceeding without judicial process or by judicial process, and the right to sell, lease or otherwise dispose of any or all of the Collateral (with or without giving any warranties as to the Collateral, title to the Collateral or similar warranties), and, in connection therewith, the Trustee will (i) immediately turn over to Lender any funds held in any deposit accounts opened or utilized by the Trustee and (ii) on demand and no later than one (1) business day after such demand, assemble the Collateral (other than the deposit accounts) and make it available to the Lender at a place to be designated by the Lender;
- (iii) The Lender may exercise and enforce its rights and remedies under the Trustee Loan Documents;

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- (iv) The Lender may without regard to any waste, adequacy of the security or solvency of the Loan Parties, apply for the appointment of a receiver of the Collateral, to which appointment the Trustee hereby consents, whether or not foreclosure proceedings have been commenced under the Trustee Loan Documents and whether or not a foreclosure sale has occurred;
- (v) The Lender may exercise any other rights and remedies available to it by law or agreement; and/or
- (vi) If the Lender sells any of the Collateral on credit, the Obligations will be reduced only to the extent of payments actually received. If the purchaser fails to pay for the Collateral, the Lender may resell the Collateral and shall apply the proceeds actually received to the Obligations.

(c) The automatic stay imposed by section 362 of the Bankruptcy Code is hereby modified to the extent necessary to permit or effectuate the terms of this Order and the documents evidencing the Trustee Obligations, including, without limitation, to permit the execution and recordation of documents in the Lender's and Prepetition Lender's, as applicable, discretion to evidence the creation and perfection of the Lender's and Prepetition Lender's liens on the Collateral.

9. Use of Proceeds; Bank Accounts.

(a) The Trustee shall use the proceeds of the Postpetition Financing obtained under the Trustee Loan Documents solely in accordance with and subject to the conditions set forth in this Order, the Trustee Loan Documents and the Budget. Nothing in this Order shall be construed to require the Lender to make advances or extensions of credit or other financial

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accommodations to permit the Trustee to make any payments, except to the extent expressly provided for in this Order and the Trustee Loan Documents.

(b) Any proceeds of the sale, lease, or other disposition of the Collateral shall be used in accordance with the provisions of this Order and the Trustee Loan Documents. To the extent such proceeds are applied to reduce the Trustee Obligations, they shall be applied in payment of the obligations under, and in the manner provided in, the Trustee Loan Documents, and the Trustee is deemed to have irrevocably waived any right to direct the manner of application of any payments to the Lender or any other receipts by the Lender of proceeds of any of the Collateral, including all of the Lender's cash collateral, other than as expressly set forth in this Order and the Trustee Loan Documents.

(c) Any proceeds of the sale, lease, or other disposition of the Prepetition Collateral shall be applied first to payment of the Prepetition Obligations until paid in full, and then to the outstanding balance of the Trustee Obligations. Any proceeds of the sale, lease, or other disposition of the Collateral shall be applied first to payment of the Trustee Obligations until paid in full, and then to the outstanding balance of the Prepetition Obligations.

10. Perfection of Liens and Replacement Liens.

(a) This Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the Liens, and the WF Adequate Protection Liens and the Subordinated Adequate Protection Liens, without the necessity of filing or recording any financing statement, leasehold

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mortgage, or other instrument or document which may otherwise be required under the law of any jurisdiction or the taking of any other action to validate or perfect such liens or security interests in the Collateral or to entitle the Lender and the Prepetition Lender to the priorities granted herein. The automatic stay imposed by section 362 hereby is modified to permit, but not require, the Lender and the Prepetition Lender to file or record financing statements, trademark filings, copyright filings, mortgages, leasehold mortgages, notices of lien or similar instruments in any jurisdiction, or take possession or control of collateral, or take any other action in order to validate and perfect the liens and security interests granted to it hereunder. Whether or not the Lender or the Prepetition Lender shall, each in its sole discretion, choose to file such financing statements, trademark filings, copyright filings, mortgages, leasehold mortgages, notices of lien or similar instruments, or take possession or control of collateral, or otherwise confirm perfection of the liens and security interests granted to it hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to challenge, dispute or subordination, at the time and on the date of entry of this Order. Upon the request of the Lender, the Prepetition Lender, Kid or Hanes, the Trustee, without any further consent of any party or further order of this Bankruptcy Court, is authorized to take, execute and deliver such instruments and agreements (including, without limitation, delivery of control agreements and possessory collateral) to enable the Lender and the Prepetition Lender, Kid or Hanes, as

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applicable, to further validate, perfect, preserve, and enforce the Liens, WF Adequate Protection Liens and the Subordinated Adequate Protection Liens, as applicable.

(b) A certified copy of this Order may, in the discretion of the Lender or the Prepetition Lender, be filed with or recorded in filing or recording offices in addition to or in lieu of any financing statements, mortgages, leasehold mortgages, notices of lien or similar instruments, and all filing offices are hereby authorized and directed to accept such certified copy of this Order for filing and recording.

(c) Upon a Termination Event as provided in paragraph 13 hereof, a certified copy of this Order may, in the discretion of the Lender or the Prepetition Lender, be presented to any bank or other party having possession or control over the Collateral, including, without limitation, any deposit accounts, and such bank or other party is hereby authorized and directed to turn over such Collateral to the Lender or the Prepetition Lender, as applicable.

11. Preservation of Rights Granted Under This Order.

(a) Other than the Carve-Out, and with respect to the Liens, the WF Adequate Protection Liens, and the Subordinated Adequate Protection Liens, no claim or lien having a priority superior to or *pari passu* with those granted by this Order to the Lender or the Prepetition Lender, Kid or Hanes shall be granted or allowed while any portion of the Trustee Obligations remains outstanding, and the Liens and the WF Adequate Protection Liens and the Subordinated Adequate Protection Liens shall not be subordinated to or made *pari passu* with

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any other lien or security interest, whether under section 364(d) of the Bankruptcy Code or otherwise, while any portion of the Trustee Obligations remains outstanding. The protections granted to Kid and Hanes in this paragraph shall terminate, without further action, when the Trustee Obligations are satisfied in full.

(b) Unless all of the Trustee Obligations shall have been indefeasibly paid in full, the Trustee shall not, and shall not seek to, (i) in any way prime or otherwise adversely affect the liens granted under this Order by offering a subsequent lender or a party in interest a superior or *pari passu* lien or claim pursuant to section 364(c)(1), 364(d), or 507(b) of the Bankruptcy Code or otherwise, (ii) in any way grant junior encumbrances on any Collateral, or (iii) otherwise encumber otherwise unencumbered assets or estate property.

(c) Unless all of the Trustee Obligations shall have been indefeasibly paid in full, the Trustee shall not seek, and it shall constitute an Event of Default if the Trustee seeks, or if there are entered, any modifications or extensions of this Order without the prior written consent of the Lender and the Prepetition Lender, and no such consent shall be implied by any other action, inaction or acquiescence by the Lender and the Prepetition Lender.

(d) If any or all of the provisions of this Order are hereafter reversed, modified, vacated, or stayed, such reversal, stay, modification, or vacation shall not affect (i) the validity of any of the Trustee Obligations, WF Adequate Protection Obligations or Subordinated Adequate Protection Obligations incurred prior to the actual receipt of written notice of the effective date

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of such reversal, stay, modification, or vacation or (ii) the validity or enforceability of any lien or priority authorized or created hereby with respect to any of the Trustee Obligations, the WF Adequate Protection Obligations or Subordinated Adequate Protection Obligations. Notwithstanding any such reversal, stay, modification or vacation, any use of the Postpetition Financing, the WF Adequate Protection Obligations, Trustee Obligations or Subordinated Adequate Protection Obligations by the Trustee prior to the actual receipt of written notice of the effective date of such reversal, stay, modification, or vacation shall be governed in all respects by the original provisions of this Order, and the Lender and the Prepetition Lender shall be entitled to all the rights, remedies, privileges, and benefits granted by section 364(e) of the Bankruptcy Code, this Order, and the Trustee Loan Documents with respect to all Trustee Obligations and WF Adequate Protection Obligations, as applicable.

(e) Except as expressly provided in this Order or in the Trustee Loan Documents or as agreed in writing by the Lender or the Prepetition Lender, the Liens, the Subordinated Adequate Protection Liens, the WF Adequate Protection Liens, the Superpriority Claim, the Cash Collateral Superpriority Claim, and all other rights and remedies of the Lender, the Prepetition Lender, Kid and Hanes granted by the provisions of this Order and the Trustee Loan Documents shall survive, and shall not be modified, impaired, or discharged by the dismissal or conversion of any of the Chapter 7 Cases. The terms and provisions of this Order and the Trustee Loan Documents shall continue in the Chapter 7 Cases, in any successor cases if any of

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the Chapter 7 Cases cease to be jointly administered, or in any superseding case under the Bankruptcy Code, and the Liens, the Subordinated Adequate Protection Liens, the WF Adequate Protection Liens, the Superpriority Claim, Cash Collateral Superpriority Claim, and all other rights and remedies of the Lender, the Prepetition Lender, Hanes and Kid granted by the provisions of this Order and the Trustee Loan Documents shall continue in full force and effect until the Obligations are indefeasibly paid in full.

12. Limitation on Use of Financing Proceeds and Collateral. Notwithstanding anything herein or in any other order of the Bankruptcy Court to the contrary, no borrowings under the Trustee Loan Documents, and none of the Collateral (including cash and cash equivalents and cash collateral) or the Carve-Out, may be used to (i) object, contest, or raise any defense to, the validity, perfection, priority, extent, or enforceability of any amount due under the Trustee Loan Documents, the liens or claims granted under this Order or the Trustee Loan Documents, the Prepetition Liens or the claims or obligations granted under the Prepetition Obligations and related guarantees, (ii) assert any claims, counterclaims, defenses, causes of action, objections, or contests (including, without limitation, any claims or causes of action arising under chapter 5 of the Bankruptcy Code) against the Lender, the Prepetition Lender or any of their respective agents, affiliates, representatives, attorneys or advisors, or (iii) seek to modify or otherwise impair any of the rights granted to the Lender or the Prepetition Lender hereunder or under the Trustee Loan Documents.

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13. Termination. The ability of the Trustee to use the Cash Collateral and the agreement by the Lender to make the Postpetition Financing available to the Trustee under the Trustee Loan Documents pursuant to the terms of this Order shall continue until (i) June 7, 2011, which date may be extended solely at the option of the Lender in writing, without the need for any further Court approval or as otherwise set forth in the Trustee Loan Documents, (ii) the date of the acceleration of any outstanding extensions of credit under the Trustee Loan Documents, or (iii) the occurrence of an Event of Default under the Trustee Loan Documents (such earliest date, the "Termination Date"). As used herein, an "Event of Default" under the Trustee Loan Documents shall occur upon the occurrence of, *inter alia*, any of the following events, with no cure period, without the prior written consent of Lender:

- (a) Default in the payment of any amount owed by the Loan Parties to Lender as such Indebtedness becomes due and payable pursuant to the terms of the Postpetition Financing;
- (b) The failure to comply with or default in the performance of any term, covenant or agreement contained in or contemplated by the Trustee Loan Documents, including, without limitation, the Budget, the Financing Orders, or any documents executed in connection with any of the foregoing;
- (c) Except as otherwise permitted or agreed to in writing by the Lender, any ownership interest in estate assets shall be sold or transferred in any transaction other than a Sale Transaction, or shall become subject to a Lien;
- (d) The filing by any of the Loan Parties of any motion or proceeding that could reasonably be expected to result in impairment of the

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Lender's rights hereunder, including any motion to surcharge the Lender or the Collateral under 11 U.S.C. § 506(c) or otherwise;

- (e) The filing of a motion by any of the Loan Parties for entry of an order staying or otherwise prohibiting the prosecution of any enforcement action or, except as provided herein, any motion or pleading seeking to challenge or invalidate the Lender's or the Prepetition Lender's Liens or otherwise commencing any cause of action against the Lender or the Prepetition Lender;
- (f) The rendering against any Debtor or the Trustee of an arbitration award, a final judgment, decree, or order for the payment of money in excess of \$25,000 or a postpetition lien on any of the Collateral and the continuance of such arbitration award, judgment, decree, or order unsatisfied and in effect for any period of ten (10) consecutive days without a stay of execution;
- (g) Trustee's failure to (i) pay postpetition obligations when due, after giving effect to any applicable grace period, (ii) be insured by a United States Trustee's bond in an amount satisfactory to Lender in its sole discretion, (iii) comply with the variances set forth in Exhibit 2 hereto, and (iv) adhere to the following milestones: (x) hold an auction for the Debtors' assets on or before May 27, 2011 or (y) on or before June 7, 2011, obtain approval from the Lender of a liquidation plan for the Debtors' inventory, which approval may be granted in Wells Fargo's sole discretion;
- (h) A Change of Control occurs with respect to any Loan Party other than Amram's;
- (i) Any Guarantor shall repudiate, purport to revoke, or fail to perform any obligation under such Guaranty in favor of the Lender or any Guarantor shall cease to exist;
- (j) The Lender believes in good faith that there has occurred any material adverse change in the business or financial condition of a Loan Party since the Petition Date;

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- (k) Any impairment of the Collateral or the termination of any state or federal license or authorization or contract;
- (l) The Trustee (except following the Lender's prior written request or with the Lender's express prior written consent, which consent shall not be implied from any other action, inaction, or acquiescence of the Lender) shall file a motion with the Bankruptcy Court or any other court with jurisdiction in the matter seeking an order, or an order is otherwise entered, modifying, reversing, revoking, staying, rescinding, vacating, or amending the Financing Orders or any of the Loan Documents;
- (m) The Trustee shall file any motion or application, or the Bankruptcy Court grants the motion or application of any other Person, which seeks approval for or allowance of any claim, lien, security interest ranking equal or senior in priority to the claims, liens and security interests granted to the Prepetition Lender or the Lender under the Financing Orders or the Trustee Loan Documents or any such equal or prior claim, lien, or security interest shall be established in any manner, except, in any case, as expressly permitted under the Financing Orders or the Permitted Liens;
- (n) The Bankruptcy Court shall not have entered the Financing Orders or the Financing Orders shall cease to be in full force and effect after the date of entry thereof (whether due to modification, reversal, revocation, remand, stay, rescission, vacation, amendment, or otherwise) without the prior written consent of Lender (and no such consent shall be implied from any other authorization or acquiescence by Lender);
- (o) The entry of an order (i) revoking or terminating the Trustee's authority to operate the Debtors' business under section 721 of the Bankruptcy Code, (ii) dismissing a Chapter 7 Case either voluntarily or involuntarily or (iii) converting a Chapter 7 Case to a case under chapter 11 of the Bankruptcy Code;
- (p) The entry of an order (i) providing relief from the automatic stay otherwise imposed pursuant to section 362 of the Bankruptcy Code with respect to any material contract, lease, or obligation or against

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any critical vendor; (ii) allowing a third party to proceed against any material assets or contracts; (iii) staying or otherwise prohibiting the prosecution of any enforcement action by the Lender or the Prepetition Lender; or (iv) otherwise adversely affecting the Lender's or Prepetition Lender's liens, claims, or rights and remedies;

- (q) If, other than as set forth in the Financing Orders, (i) any creditor receives any adequate protection payment which is not fully acceptable to the Lender in its sole discretion or (ii) any lien other than the Subordinated Adequate Protection Liens is granted as adequate protection; or
- (r) The Trustee resigns or is removed as trustee of the Chapter 7 Cases or The Clear Thinking Group if retained, is terminated or is otherwise no longer employed by the Trustee less than four weeks following the Petition Date, unless Wells Fargo otherwise agrees in writing.

14. Carve-Out.

(a) For purposes hereof, the "Carve Out" shall include (i) the fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the U.S. Trustee pursuant to 28 U.S.C. § 1930(a), (ii) fees and expenses of the Trustee's professionals in the aggregate amount of \$600,000, which amount shall be deposited into a segregated account in 3 consecutive monthly payments of \$200,000 commencing May 25, 2011 and allocated among the Trustee's professionals, provided that such fees and expenses are subject to Bankruptcy Court approval, less any amounts previously paid in accordance with the Budget, and (iii) an amount equal to the estimated "Ch. 7 Trustee" line item set forth on the Budget to be funded on a weekly basis and deposited into a separate account, which amount is to be calculated in accordance with section

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326 of the Bankruptcy Code, is subject to Bankruptcy Court approval, and is less any amounts previously paid in accordance with the Budget.

15. No Marshalling. In no event shall the Lender or the Prepetition Lender be subject to the equitable doctrine of marshalling or any similar doctrine, as the case may be, with respect to the Trustee Obligations or any of the property comprising the Collateral.

16. Limits on the Lender's or Prepetition Lender's Liability. Nothing in this Order or in any of the Trustee Loan Documents or any other documents related to the financing transactions authorized hereby or the Prepetition Obligations shall in any way be construed or interpreted to impose or allow the imposition upon the Lender or the Prepetition Lender of any liability for any claims arising from the prepetition activities by the Debtors or the postpetition activities of the Trustee in the operation of the Debtors' business, or in connection with the Trustee's liquidation efforts. Neither the Lender nor the Prepetition Lender shall, in any way or manner, be liable or responsible for (a) the safekeeping of the Collateral, (b) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (c) any diminution in the value thereof, or (d) any act or default of any carrier, servicer, bailee, custodian, forwarding agency, or other person, and all risk of loss, damage, or destruction of the Collateral shall be borne by the Trustee.

17. Lenders' Right to Credit Bid. The Lender and the Prepetition Lender shall have the right to credit bid with respect to any sale of assets or equity under section 363 of the

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Bankruptcy Code, the aggregate amount, (i) with respect to the Lender, advanced under the Postpetition Financing, and (ii) with respect to the Prepetition Lender, outstanding under the Prepetition Obligations, which credit bid rights under section 363(k) of the Bankruptcy Code or otherwise shall not be impaired in any manner. For the avoidance of ambiguity, (i) the Prepetition Lender or the Lender may credit bid up to the total amount of the prepetition and postpetition Indebtedness and (ii) no future order or plan may impair the credit bid rights of the Lender or the Prepetition Lender.

18. No Waiver by Lenders. Notwithstanding anything to the contrary herein, the entry of this Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair any of the rights of Kid, Hanes, the Lender or the Prepetition Lender, as applicable, under the Bankruptcy Code or under non-bankruptcy law, including, without limitation, the right of such lenders to take any action whatsoever in the Chapter 7 Cases, including, without limitation, to request further modification of the automatic stay pursuant to section 362 of the Bankruptcy Code.

19. Challenge. In accordance with Section II(A)(1) and (2) of the Court's General Order Adopting Guidelines for Financing Requests, in the event of a successful challenge to the validity, enforceability, extent, perfection, or priority of the Prepetition Liens, the Bankruptcy Court retains the right to unwind or invalidate the relevant protections afforded to the Prepetition Lenders hereunder; provided, however, any such provision of this Order which is invalidated

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shall not, as applicable, affect or invalidate the remaining provisions hereof, which shall continue, to the extent applicable, in full force and effect. Notwithstanding anything herein to the contrary, the Trustee shall have until the forty-fifth (45th) day after the Petition Date (the "Challenge Period") to investigate the nature, extent, validity, priority or perfection of the Prepetition Liens. If the Trustee timely files a complaint on or before the expiration of the Challenge Period, all other claims and actions against the Prepetition Lender not expressly asserted in such complaint shall be deemed, immediately and without further notice, motion or application to, order of, or hearing before, this Court, to have been forever relinquished, discharged, released and waived.

20. Release. In consideration for the Postpetition Financing, the Trustee, for itself and on behalf of the Debtors, the Debtors, and each of their successors and assigns (collectively, the "Releasors"), shall, subject to paragraph 19 hereof, forever release, discharge and acquit the Lender, the Prepetition Lender, and each of their respective officers, directors, employees, agents, attorneys, and predecessors in interest (collectively, the "Releasees") of and from any and all claims, demands, damages, liabilities, responsibilities, disputes, remedies, actions, causes of action, indebtedness, and obligations, of every type, including, without limitation, any so-called "lender liability" claims or defenses, which arose on or prior to the date this Order is entered with respect to the Debtors and/or the Postpetition Financing; provided, however, the foregoing

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release shall not release the Lender or the Prepetition Lender from its obligations under this Order.

21. Allowed Secured Claims. Subject in all respects to paragraph 19, without the requirement or need to file any proof of claim with respect thereto, (i) the Prepetition Obligations (including, to the extent applicable, all accrued interest, expenses, fees, or any other amount permitted under the Prepetition Loans) shall constitute allowed secured claims for all purposes in the Chapter 7 Cases and any subsequent cases or proceedings under the Bankruptcy Code (each, a "Successor Case"), (ii) the Prepetition Liens shall be deemed legal, valid, binding, enforceable, perfected liens not subject to recharacterization, subordination (except as expressly specified in this Order as to the Carve-Out, the Liens, and the WF Adequate Protection Liens) or avoidance for all purposes in the Chapter 7 Cases and any Successor Case, and (iii) the Prepetition Obligations, the Prepetition Liens, and prior payments on account of or with respect to the Prepetition Obligations shall not be subject to any other or further claims, cause of action, recharacterization, objection, contest, setoff, defense, or challenge by the Trustee or any party in interest for any reason.

22. Section 506(c) Waiver. Except for the Carve-Out and as provided in the Budget, no costs or expenses of administration which have been or may be incurred in the Chapter 7 Cases or any future proceedings or cases related hereto, at any time, shall be charged against the Lender or the Prepetition Lender, their claims, or the Prepetition Collateral or the Collateral,

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pursuant to sections 105, 506(c) or 522 of the Bankruptcy Code or otherwise, without the prior written consent of the Lender or the Prepetition Lender, as applicable, and no such consent shall be implied from any other action, inaction, or acquiescence by the Lender or the Prepetition Lender. The waiver(s) set forth in this paragraph shall not be deemed or construed to run in favor of Kid or Hanes, or Kid's or Hanes's interests, if any, in the Prepetition Collateral or the Collateral.

23. Retention of Financial Advisor. The Lender may immediately hire and retain a financial advisor of its choosing to monitor and/or assist with the liquidation of the Debtors' estates and the Trustee's compliance with the Budget. The Trustee shall fully cooperate with such financial advisor and its requests and shall provide complete transparency regarding all financial and operational issues. The Trustee shall pay the fees and expenses of such financial advisor upon presentment of an invoice, up to \$25,000 per month. In the event the fees and expenses of such financial advisor are less than \$25,000 in any given month(s), the difference between \$25,000 and the fees and expenses incurred for such month(s) may be applied to any other month(s) in which such financial advisor's fees and expenses exceed \$25,000. Any amounts paid to the Lender's financial advisor shall not be included in the Carve-Out and shall not be included in the calculation of professional fees under the Budget.

24. Successors and Assigns. The Trustee Loan Documents and the provisions of this Order shall be binding upon the Lender, the Prepetition Lender, the Trustee, and the Debtors, and

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each of their respective successors and assigns, and shall inure to the benefit of the Lender (and its successors and assigns) and the Trustee; provided, however, that the Lender shall have no obligation to extend any financing to any successor or assign of the Trustee.

25. Subsequent Liens. If the Court grants liens or security interests to others pursuant to section 364(d) of the Bankruptcy Code or any other provision of the Bankruptcy Code, which shall be subordinate to the liens or security interests of the Lender and the Prepetition Lender in the Collateral (collectively, the "Subsequent Liens"), any proceeds of the loans or extensions of credit secured by Subsequent Liens shall be applied first to payment of the Trustee Obligations, next to the payment of the WF Adequate Protection Obligations. To the extent that the proceeds of any such loans or extensions exceed the amounts required to pay the Trustee Obligations and the WF Adequate Protection Obligations, Kid and Hanes shall be authorized to file a motion with the Court, on notice to the Trustee, seeking payment of such excess proceeds on account of the Subordinated Adequate Protection Obligations, if any, and the Trustee reserves all rights to object thereto on any grounds.

26. Binding Nature of Findings. The findings contained in this Order shall be binding upon all parties in interest.

27. Immediate Effectiveness. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), 7062, or 9014 or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil

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Procedure, this Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Order.

28. Conflicts. In the event of any conflict between or among the express terms or provisions of any of the Trustee Loan Documents and the terms and provisions of this Order, the terms and provisions of this Order shall govern.

29. No Proof of Claim or Request for Allowance of Administrative Expense. For the avoidance of doubt, the Lender and the Prepetition Lender are hereby relieved of any requirement to file a proof of claim or request allowance of the Superpriority Claim or Cash Collateral Superpriority Claim in the Chapter 7 Cases or any other proceeding with respect to any Prepetition Obligations, Trustee Obligations, or WF Adequate Protection Obligations, as applicable.

30. Rights of Recoupment or Setoff. Notwithstanding anything to the contrary in this Order, nothing in this Order shall (a) compromise, modify or affect the ability of any party in interest to assert a right of recoupment or setoff with respect to amounts allegedly owed to the Debtors, or (b) create any right of recoupment or setoff with respect to amounts allegedly owed to the Debtors (except to the extent expressly provided for in the Trustee Loan Documents).

31. Section 552(b). The Prepetition Lender, Hanes and Kid shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the "equities of the case" exception under section 552(b) of the Bankruptcy Code shall not apply to Prepetition Lender,

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Hanes or Kid with respect to the proceeds, product, offspring, or profits of the Prepetition Collateral.

32. Section 507(b) Reservation. Nothing herein shall impair or modify the application of section 507(b) of the Bankruptcy Code in the event that the adequate protection provided to the Prepetition Lender, Kid or Hanes hereunder is insufficient to compensate for any diminution in value of their respective interests in the Prepetition Collateral during the Chapter 7 Cases or any Successor Case. Nothing contained herein shall be deemed a finding by the Court, or an acknowledgement by the Prepetition Lender, Kid or Hanes that the adequate protection granted herein does in fact adequately protect the Prepetition Lender, Kid or Hanes against any diminution in value of its interests in the Prepetition Collateral (including Cash Collateral). To the extent that Kid or Hanes are granted adequate protection in accordance with section 507(b) of the Bankruptcy Code, that adequate protection shall be subject to the Superpriority Claim, the Cash Collateral Superpriority Claim and the Carve-Out, and shall not attach to, or otherwise be payable from, the Avoidance Actions or the Avoidance Recoveries.

33. No Third Party Beneficiaries. Nothing in this Order shall create any right for the direct or indirect benefit of any person other than the Prepetition Lender, Hanes or Kid or the parties to the Trustee Loan Documents.

34. Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction to hear and determine all matters arising from this Order and its implementation.

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35. Authority. The Trustee is authorized and directed to perform all acts, and execute and comply with the terms of such other documents, instruments, and agreements the Lender may require, as evidence of and for the protection of the Postpetition Financing, or which otherwise may be deemed necessary by the Lender to effectuate the terms and conditions of this Order and the Trustee Loan Documents.

36. Severability. In the event of a timely and successful challenge to the validity, enforceability, extent, perfection, or priority of the Prepetition Liens, the Bankruptcy Court retains the right to unwind or invalidate the relevant protections afforded to the Prepetition Lender hereunder; *provided, however*, any such provision of this Order which is invalidated shall not affect or invalidate the remaining provisions hereof, which shall continue in full force and effect.

37. The Trustee will provide to Kid the weekly reports required in Schedule 1, paragraph 3(e).

SCHEDULE 1

1. **Ratification of Credit Agreement and Related Documents.**

Based upon the information provided to the Trustee and subject to the Challenge Period, the Trustee hereby ratifies and confirms:

(a) all the terms and conditions of the Credit Agreement (as modified and amended by this Order) and each of the other Loan Documents (as defined in the Credit Agreement); and the Trustee acknowledges and agrees that the Credit Agreement (as modified and amended by this Order) and each other Loan Document shall be deemed to be in full force and effect with respect to the Postpetition Financing; and

(b) that (i) any and all Prepetition Collateral shall secure the Postpetition Financing (the "Postpetition Collateral"); provided, however, that (x) any proceeds of the sale, lease or other disposition of the Prepetition Collateral shall be applied first to payment of the prepetition Indebtedness under the Credit Agreement, until paid in full, and then to the Postpetition Financing, and (y) any proceeds of the sale, lease or other disposition of the Postpetition Collateral shall be applied first to payment of the postpetition Indebtedness under this Agreement, until paid in full, and then to the payment of the prepetition Indebtedness under the Credit Agreement, and (ii) any and all deeds of trust, mortgages, UCC-1 financing statements or other documents or instruments evidencing or securing or perfecting any lien or collateral interest granted by any Debtor to the Prepetition Lender shall be deemed to secure the Postpetition Financing, and (iii) the liens upon the Collateral (as defined in the Credit Agreement) in favor of the Prepetition Lender constitute valid, perfected, first priority liens as described in this Order, in each case without the necessity of filing or recording any financing statement or other instrument or document which may otherwise be required under the law of any jurisdiction or the taking of any other action to validate or perfect the liens of the Prepetition Lender in and to the Collateral (as defined in the Credit Agreement); provided, however, Wells Fargo may file or record financing statements or other instruments to evidence and to perfect such liens and, provided further, however, that no such filing or recordation shall be necessary or required in order to create or perfect any such lien or deemed to violate the automatic stay.

(c) Without limiting the generality of the Trustee's ratification and confirmation provided for in subparagraphs (a) and (b) above, the Trustee hereby ratifies and confirms, subject to the entry and effectiveness of this Order (i) the Security Documents (as defined in the Credit Agreement), and (ii) that the Security Documents shall be deemed to be in full force and effect with respect to the Postpetition Financing until all of the Debtors' liabilities and obligations to Wells Fargo under the Credit Agreement have been indefeasibly paid in full in cash and all commitments of Wells Fargo to lend thereunder have been terminated.

2. **Post-Petition Financing.** Subject to the terms of this Order and any Final Order issued by the Bankruptcy Court (collectively, the "Financing Orders"), the Trustee is authorized to incur postpetition financing from Wells Fargo in the form of post-petition Advances (as defined in the Credit Agreement) under the Credit Agreement in a maximum aggregate principal amount of up to \$25,000,000 (the "Maximum Line Amount") (all such post-petition Advances,

together with all other postpetition Indebtedness owing to Wells Fargo under the Trustee Loan Documents, the "Postpetition Indebtedness").

Post-petition Advances shall be made available by Wells Fargo to the Trustee subject to the terms and conditions of the Financing Orders and the Trustee Loan Documents and in accordance with the Budget. In no event shall the aggregate principal balance of the Postpetition Indebtedness exceed at any time the lesser of (i) the Maximum Line Amount, or (ii) the applicable amount set forth in the Budget for such time.

Notwithstanding anything to the contrary set forth in the Credit Agreement, with respect to the Postpetition Financing (w) no Letters of Credit shall be available to the Debtors or the Trustee without the express written consent of Wells Fargo, (x) the Borrowing Base (and all reporting obligations relative thereto) is deemed eliminated from the Credit Agreement, (y) all Advances under the Postpetition Financing Documents shall be Floating Rate Advances bearing interest at a rate per annum equal to the Prime Rate plus 2.25%, and no LIBOR Advances shall be made under the Postpetition Financing Documents (and any outstanding LIBOR Advances shall automatically convert to Floating Rate Advances at the expiration of the applicable Interest Period), and (z) all receipts and collections on account of Collateral shall be applied as set forth in paragraph 9(c) of the Interim Order. From and after the entry of the Interim Order, all references to the "Companies" in the Credit Agreement and the other Loan Documents shall mean and refer to the Debtors, as debtors in these cases, and the Debtors are deemed to be the same entities which existed prior to the filing of the Debtors' respective bankruptcy petitions.

3. Amendments to Pre-Petition Credit Agreement. The terms and provisions of the Credit Agreement and the other Loan Documents are deemed to be and remain in full force and effect with respect to the prepetition Indebtedness and the Postpetition Financing, subject to the provisions of the Financing Orders and subject to the following amendments to the terms of the Credit Agreement:

(a) Subsection 1.1(c) of the Credit Agreement is deemed amended by deleting such subsection in its entirety and substituting therefor the following:

"(c) Use of Line of Credit Proceeds. The Companies shall use the proceeds of Advances for the purpose of funding post-petition operations in accordance with the Budget."

(b) Subsection 1.2 of the Credit Agreement is deemed amended by deleting such subsection in its entirety and substituting therefor "Intentionally Deleted".

(c) Section 1 of the Credit Agreement is deemed further amended by adding thereto the following new subsections 1.10 and 1.11:

"1.10 **Single Loan.** All Advances to the Companies and all of the other Indebtedness of the Companies arising under this Agreement and the other Loan Documents shall constitute one general obligation of the Companies secured by all of the Collateral.

1.11 **Grants, Rights and Remedies.** The Liens, security interests and the administrative priority granted pursuant to Section 2 may be independently granted by the Loan Documents and by other Loan Documents hereafter entered into. This Agreement, the Interim Financing Order, the Final Financing Order and such other Loan Documents supplement each other, and the grants, priorities, rights and remedies of Wells Fargo hereunder and thereunder are cumulative.”

(d) Section 2 of the Credit Agreement is deemed amended [as follows:

(i) By deleting subsection 2.1 thereof in its entirety and substituting therefor the following:

“2.1 **Grant of Security Interest.** Each Company hereby pledges, assigns and grants to Wells Fargo, for the benefit of Wells Fargo and as agent for Wells Fargo Merchant Services, L.L.C., a continuing first priority Lien and security interest, in accordance with sections 364(c)(2) and (3) of the Bankruptcy Code (collectively referred to as the “Security Interest”) in the Collateral, as security for the payment and performance of all Indebtedness and all Pre-Petition Indebtedness, which Lien and Security Interest shall be subject only to (i) payment of the Carveout, and (ii) Permitted Liens. Following request by Wells Fargo, each Company shall grant Wells Fargo, for the benefit of Wells Fargo and Wells Fargo Merchant Services, L.L.C., a Lien and security interest in all commercial tort claims that it may have against any Person, provided, however, that such claims do not include causes of action under chapter 5 of the Bankruptcy Code.”

(e) Subsection 5.1 of the Credit Agreement is deemed amended by adding thereto the following new clauses (t) through (x):

“(t) Daily Collateral Reports. On each Business Day, the Loan Parties shall provide to Wells Fargo a summary, in form and substance acceptable to Wells Fargo, of collections on account of the preceding day which were payment against Accounts which existed prior to the Petition Date and against Accounts which arose after the Petition Date.

(u) Weekly Budget Reports; Extended Budget. Within two (2) Business Days after the end of each week, a reconciliation, in form and substance acceptable to Wells Fargo substantially consistent with form of Budget annexed to the Interim Financing Order, of the actual cash receipts and disbursements of the Companies and existing Advances under this Agreement for such week to the budgeted line item amounts set forth in the Budget for such week. In the event that any Indebtedness remains outstanding as of July 15, 2011, Companies shall, no later than July 30, 2011, deliver to Wells Fargo an updated Budget prepared on a basis consistent with the Budget annexed to the Interim Order, covering the

period through November 30, 2011 (or such other date as Wells Fargo shall agree).

- (v) Trustee Reports. All operating reports provided to the Office of the United States Trustee for the District of New Jersey.
 - (w) Chapter 7 Case Pleadings. Promptly after filing thereof, copies of all pleadings, motions, applications, financial information and other papers and documents filed by or on behalf of the Companies in the Chapter 7 Cases, which papers and documents shall also be given or served on Wells Fargo and Wells Fargo's counsel.
 - (x) Committee Reports. Promptly after sending thereof, copies of all written reports given by the Companies to any official or unofficial creditors' committee in the Chapter 7 Cases, if any, other than any such reports subject to privilege; provided that the Companies may redact any confidential information contained in any such report if they provides to Wells Fargo a summary of the nature of the information so redacted."
- (f) Subsection 5.2 of the Credit Agreement is hereby amended by deleting such subsection in its entirety and substituting therefor the following:

"5.2 Compliance with Budget. All Advances will be subject to the following tests against the Budget. No later than the second Business Day of each calendar week, the Trustee or his designee shall submit to Wells Fargo a Budget Compliance Certificate and a report showing (i) actual cash collections and cash disbursements, on a weekly and cumulative basis through the previous Friday, and (ii) a comparison to the same periods in the Budget. The Budget will be tested on an aggregate and a line-item by line-item basis each week and on a cumulative basis. The Companies shall not permit:

- (1) cash receipts to be less than 85% of projected cash receipts as set forth in the Budget on a weekly basis; or
- (2) cash receipts to be less than 90% of projected cash receipts as set forth in the Budget on a cumulative basis (for any period commencing as of the Closing Date);
- (3) cash disbursements for any calendar week (in the aggregate and for each line item in the Budget) to exceed 115% of projected cash disbursements as set forth in the Budget on a weekly basis; and
- (4) cash disbursements (in the aggregate and for each line item in the Budget) to exceed 110% of projected cash disbursements as set forth in the Budget on a cumulative basis (for any period commencing as of the Closing Date)."

(g) Subsection 5.3 of the Pre-Petition Credit Agreement is deemed amended by deleting clause (iv) of such subsection in its entirety.

(h) Section 5 of the Pre-Petition Credit Agreement is deemed further amended by adding thereto the following new subsection 5.30:

“5.30 Financing Orders; Administrative Priority; Lien Priority; Payment of Claims. The Companies will not:

- (a) at any time, seek, consent to or suffer to exist any reversal, modification, amendment, stay or vacation of any of the Financing Orders, except for modifications and amendments agreed to by Wells Fargo;
- (b) at any time, suffer to exist a priority for any administrative expense or unsecured claim against any Company (now existing or hereafter arising of any kind or nature whatsoever, including without limitation any administrative expenses of the kind specified in, or arising or ordered under, Sections 105, 326, 327, 328, 330, 503(b), 506(c), 507(a), 507(b), 546(c) 726 and 1114 of the Bankruptcy Code) equal or superior to the priority of Wells Fargo in respect of the Indebtedness;
- (c) at any time, suffer to exist any Lien on the Collateral having a priority equal or superior to the Liens in favor of Wells Fargo in respect of the Collateral, except for Permitted Liens; and
- (d) prior to the date on which all Indebtedness have been fully paid and satisfied, the Loan Parties shall not pay any administrative expense claims except (i) Post-Petition Indebtedness due and payable hereunder, (ii) administrative expenses incurred in the ordinary course of the Loan Parties' business as contemplated by this Agreement and the Budget, and (iii) administrative expenses which are included in the Carveout.”

(i) Subsection 6.1 of the Pre-Petition Credit Agreement is deemed amended by (i) deleting the text of clauses (f) and (g) thereof in their entirety and substituting therefor, in each case, “Intentionally deleted”, and (ii) adding to such subsection the following new clause (s):

“(s) The occurrence of the “Termination Date” or an “Event of Default”, as each such term is defined in the Financing Orders;”

(j) Section 7 of the Pre-Petition Credit Agreement is deemed amended by adding thereto the following new subsections 7.16 and 7.17, as follows:

“7.16 Wells Fargo as Party-in-Interest. The Companies hereby stipulate and agree that Wells Fargo is and shall remain a party in interest in each of the Chapter 7 Cases and shall have the right to participate, object and be heard in any motion or proceeding in connection therewith. Nothing in this Agreement or any other Pre-Petition Loan Document or Post-Petition

Financing Document shall be deemed to be a waiver of any of Wells Fargo's rights or remedies under applicable law or documentation. Without limitation of the foregoing, Wells Fargo shall have the right to make any motion or raise any objection it deems to be in its interest (specifically including but not limited to objections to use of proceeds of the Advances, to payment of professional fees and expenses or the amount thereof, to sales or other transactions outside the ordinary course of business or to assumption or rejection of any executory contract or lease), provided that Wells Fargo will not exercise such right if the action or inaction by the Companies which is the subject of such motion or objection is expressly permitted by any covenant or provision of this Agreement.

7.17 Application of Payments to Indebtedness; Application of Proceeds of Collateral.

(a) All proceeds from the sale of Collateral, whether realized through a sale or disposition of Collateral or otherwise, shall be immediately paid in cash by the Companies to Wells Fargo, and shall be applied by Wells Fargo (i) first in satisfaction of outstanding Pre-Petition Indebtedness, and (ii) second in satisfaction of outstanding Post-Petition Indebtedness under this Agreement.

(b) All payments of Indebtedness by the Companies to Wells Fargo shall be made as and when due hereunder, and shall be applied by Wells Fargo (i) first in satisfaction of outstanding Pre-Petition Indebtedness, and (ii) second in satisfaction of outstanding Post-Petition Indebtedness under this Agreement."

(k) **Exhibit A** to the Pre-Petition Credit Agreement is deemed amended as follows:

(i) by deleting each of the following defined terms and substituting therefor, respectively, the defined term appearing in the Interim Order or below:

"Agreement" means this Credit and Security Agreement, as ratified and amended pursuant to the Financing Orders, and as further amended, modified, restated or supplemented from time to time.

"Loan Documents" means this Agreement, the Revolving Note, the Master Agreement for Treasury Management Services, each Guaranty, the General Security Agreement, each Subordination Agreement, the Intercreditor Agreement, the Financing Orders and the other Security Documents, together with every other agreement, note, document, contract or instrument to which Company now or in the future may be a party and which may be required by Wells Fargo in connection with, or as a condition to, the execution of this Agreement. Any documents or other agreements entered into between Company and Wells Fargo that relate to any swap, derivative, foreign exchange, hedge, or

similar product or transaction, or which are entered into with an operating division of Wells Fargo other than Wells Fargo Capital Finance, shall not be included in this definition.

“Maturity Date” means August 26, 2011.

“Security Documents” means this Agreement, each Copyright Security Agreement, each Patent Security Agreement, each Trademark Security Agreement, each Collateral Pledge Agreement, the Life Insurance Assignment, and any other Prepetition Loan Document, Postpetition Loan Document, and other document delivered to Wells Fargo from time to time to secure the Indebtedness.

(ii) by adding thereto the following new defined terms, each such term to be inserted into **Exhibit A** in the appropriate alphabetical order:

“Budget Compliance Certificate” means a written certificate in form reasonably satisfactory to Wells Fargo, signed by the Trustee or his designee, delivered weekly to Wells Fargo pursuant to Section 5.2(u) of this Agreement, which shall, inter alia, (i) reflect the Companies’ cash receipts and cash disbursements for the immediately preceding week, including a comparison of such cash receipts and cash disbursements with those projected for such week in the Budget, (ii) confirm that the proceeds of the Advances to be used during the upcoming week are for one of the types of cash disbursements set forth in the Budget and in compliance with the maximum amounts permitted to be expended thereunder for the relevant time period in accordance with the Budget, and (iii) certifying that no Default or Event of Default has occurred, or, if a Default or an Event of Default has occurred, that a Default or Event of Default has occurred together with the description of such Default or Event of Default.

“Closing Date” means the date upon which the Interim Financing Order has been entered and all conditions precedent to the initial Advance and this Agreement have been satisfied or waived by Wells Fargo in writing.

“Financing Orders” means each and both the Interim Order and the Final Order.

“Lease” shall have the meaning given such term under the UCC.

“Postpetition Financing” has the meaning set forth in the Financing Orders.

“Real Property” means all real property owned by the Companies and all real property which the Companies have any rights of possession (including without limitation the Premises).

EXHIBIT 2

Budget

[illegible][illegible]

Borrowing Rate Calculation on Canada <= 360 Day On Hand Inventory								
Total Inventory	4,875.1	4,850.9	4,834.7	4,838.6	4,818.6	4,818.6	4,818.6	-
Lent: Regular Invoices	(504.9)	(504.9)	(504.9)	(504.9)	(504.9)	(504.9)	(504.9)	-
Lent: Canada Inventory > 360 Days	(1,990.3)	(1,990.3)	(1,990.3)	(1,990.3)	(1,990.3)	(630.3)	(630.3)	-
Example: Total Eligible Inventory > 360 Days & Not In Transit	3,379.8	3,050.7	3,089.5	2,873.4	3,344.4	3,344.4	3,344.4	-
Mapped by: Advance Rate on "<= 360 Days"	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Borrowing Base on " <= 360 Day On Hand Inventory "	\$ 1,650.0	\$ 1,542.8	\$ 1,534.8	\$ 1,486.7	\$ 1,477.2	\$ 1,692.2	\$ 1,692.2	-
Borrowing Base w/ Line Limit	\$ 1,633.0	\$ 1,542.8	\$ 1,534.8	\$ 1,486.7	\$ 1,477.2	\$ 1,692.2	\$ 1,692.2	-
Borrowing Rate Calculation on Canada >= 360 Day On Hand Inventory								
Canada Inventory > 360 Days	1,080.3	1,080.3	1,080.3	1,080.3	630.3	630.3	630.3	-
Lent: Regular Invoices	(504.9)	(504.9)	(504.9)	(504.9)	(504.9)	(504.9)	(504.9)	-
Example: Total Eligible Inventory > 360 Days & Not In Transit	1,080.3	1,080.3	1,080.3	1,080.3	630.3	630.3	630.3	-
Mapped by: Advance Rate on "<= 360 Days"	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Borrowing Base on " >= 360 Day On Hand Inventory "	\$ 118.6	\$ 118.6	\$ 118.6	\$ 118.6	\$ 69.3	\$ 69.3	\$ 69.3	-
Borrowing Base w/ Line Limit	\$ -	\$ 118.6	\$ 118.6	\$ 118.6	\$ 69.3	\$ 69.3	\$ 69.3	-
Borrowing Rate Calculation on "In Transit Inventory" (Results only)								
	274.0	299.0	279.4	299.0	279.4	249.2	249.2	-

[illegible]

Operating Ch. 7 Weekly Cash Flow 04-21-2011-10

DRAFT

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The Russ Companies, Inc.
 10000 Highway 100, Suite 100, Houston, Texas 77036
 (713) 865-1000
 www.russcompanies.com
 DRAFT
 Filing 4/22 Auction 5/25
 (in US 000's)

[illegible][illegible]

CASH FLOWS												
Operating												
Merchandise Vendors	494.4	489.1	328.1	324.1	63.3	42.0	-	-	-	-	-	-
Merchandise Vendors (Direct Import)	-	-	32.5	-	-	-	-	-	-	-	-	-
Additional Vendor Payments Deployed	-	-	97.3	-	32.0	49.0	-	-	-	-	-	-
Royalties on Licenses	30.9	143.5	0.0	1.2	-	6.0	-	-	-	-	-	80.0
Freight & Duty	85.7	109.5	130.0	87.8	92.3	19.7	-	22.3	16.3	16.3	-	-
Total	610.9	742.1	587.9	413.1	187.6	116.7	-	22.3	16.3	16.3	-	80.0

Non-Payroll															
Facility Rent	116.1	40.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Showroom Rent	-	-	35.3	-	-	-	-	-	-	-	-	-	-	-	-
External Sales Agent Commissions	-	16.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	2.8	2.0	1.8	3.6	6.0	4.8	-	-	-	-	-	-	-	-	-
Professional Fees	86.0	50.3	76.9	106.9	64.2	60.6	80.6	182.7	603.5	-	-	-	-	-	-
Legal Fees	-	73.4	64.6	-	55.5	41.7	153.0	115.0	-	-	-	-	-	-	-
Equipment Leases	-	13.5	4.8	-	3.9	2.6	7.3	1.1	-	-	-	-	-	-	-
Bank Fees	10.5	18.5	-	9.5	-	2.6	22.1	-	-	-	-	-	-	-	-
Employee Benefits	111.4	25.6	22.2	46.2	112.2	68.7	25.0	170.0	-	-	-	-	-	-	-
Credit Card Payments	9.1	-	54.3	-	-	-	-	-	-	-	-	-	-	-	-
Services / Supplies	6.0	15.8	33.0	6.4	11.9	9.8	-	5.4	1.4	-	-	-	-	-	-
Telecom / IT	-	47.2	15.4	23.2	0.1	17.7	11.0	4.5	21.0	-	-	-	-	-	-
Utilities	-	1.7	0.1	64.4	0.1	-	0.1	-	-	-	-	-	-	-	-
Employee AP Payments	22.5	1.2	4.9	8.2	12.8	2.8	-	-	-	-	-	-	-	-	-
Taxes/Government Fees	1.0	0.1	46.9	6.7	-	1.6	2.8	0.5	-	-	-	-	-	-	-
Product Testing Fees	20.0	15.0	-	15.0	15.0	-	-	-	-	-	-	-	-	-	-
Total Non-Payroll	385.5	321.0	360.1	283.4	288.4	341.4	301.8	479.2	625.9	319.1	163.2	187.4	37.2	126.1	-

	(197.1)	(412.0)	(684.8)	-	882.7	3.9	378.7	(461.3)	(101.5)	(218.5)	344.8	-	762.9	450.1	3,794.3	717.4
Payroll																
NJ Payroll	426.3	-	383.2	-	-	390.7	-	370.0	-	241.1	-	-	110.2	-	89.4	-
CA / NC Payroll (includes some NJ)	-	219.3	-	169.5	-	-	199.2	-	150.0	76.5	20.0	-	-	-	-	-
Field Sales Commissioners	-	112.9	-	-	-	-	112.0	-	-	-	-	-	-	-	-	-
Total Payroll	426.3	332.2	383.2	169.5	-	390.7	301.2	370.0	150.0	317.6	20.0	-	110.2	-	89.4	-
Intercompany Transfers OUT																
Amerlan's (Canada)	239.3	225.2	122.0	140.0	250.0	200.0	205.0	697.5	-	-	-	-	-	-	-	-
Korea	-	-	-	157.0	-	-	-	75.0	-	-	-	-	-	-	-	-
Total Intercompany Transfers	239.3	225.2	122.0	297.0	250.0	200.0	205.0	772.5	-	-	-	-	-	-	-	-
TOTAL CASH OUTFLOWS	1,661.9	1,620.4	1,453.2	996.5	1,342.2	1,030.1	993.5	1,401.6	965.8	355.4	309.6	187.4	126.6	206.1		
NET CASH FLOW	(197.1)	(412.0)	(684.8)	-	882.7	3.9	378.7	(461.3)	(101.5)	(218.5)	344.8	-	762.9	450.1	3,794.3	717.4

Operating Ch. 7 Weekly Cash Flow 04-21-2011v10

The Russ Corporation, Inc.												
Weekly Cash Flow												
(In US 000's)												
DRAFT												
Week #	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	Total
Week Ending	6/10/2011	6/17/2011	6/24/2011	7/1/2011	7/8/2011	7/15/2011	7/22/2011	7/29/2011	8/5/2011	8/12/2011	8/19/2011	8/26/2011

MEMO SALES												
Total US Sales (Gross)												
	-	-	-	-	-	-	-	-	-	-	-	-

CASHFLOW												
Total Canada Sales (Gross)												
	-	-	-	-	-	-	-	-	-	-	-	-

CASH INFLOWS												
AIR Weekly Forecast (US)	793.2	793.3	839.9	320.0	160.0	142.5	75.0	75.0	125.6	-	-	8,010.6
AIR Weekly Forecast (Canada)	-	-	-	-	-	-	-	2,362.0	-	-	-	2,362.0
Non-AIR Cash Receipts	-	-	-	-	-	-	-	-	-	-	-	125.0
Proceeds from Liquidation	-	-	820.8	-	-	-	-	1,758.1	-	-	-	5,882.2
TOTAL CASH INFLOWS	793.2	793.3	1,760.7	320.0	160.0	142.5	75.0	4,195.1	125.6	-	-	16,359.8
	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	38.9%	

CASH OUTFLOWS												
Operating	-	-	-	-	-	-	-	-	-	-	-	-
Merchandise Vendors	-	-	-	-	-	-	-	-	-	-	-	-
Additional Vendor Payments Deployed	-	-	-	-	-	-	-	-	-	-	-	-
Royalties on Licensees	-	-	-	60.0	-	-	-	-	-	-	-	140.0
Freight & Duty	-	-	-	-	-	-	-	-	-	-	-	54.8
Total	-	-	-	60.0	-	-	-	-	-	-	-	194.8

Non-Payroll												
Facility Rent	-	-	-	-	5.0	-	-	-	-	-	-	295.0
Showroom Rent	-	-	-	-	-	-	-	-	-	-	-	-
External Sales Agent Commissions	-	-	-	-	-	-	-	-	-	-	-	-
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	22.0	128.1	39.8	50.3	6.5	7.2	3.6	1.5	125.7	-	-	1,431.0
Legal Fees	-	-	-	-	-	-	-	-	-	-	-	-
Equipment Leases	-	-	-	-	-	-	-	-	-	-	-	10.5
Bank Fees	1.0	2.0	-	-	-	-	-	-	-	-	-	33.0
Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Payments	-	-	-	-	-	-	-	-	-	-	-	-
Services / Supplies	0.5	1.1	0.5	0.5	0.5	0.5	0.5	5.0	-	-	-	70.3
Telecom / IT	3.8	18.5	1.8	4.1	4.5	15.3	0.5	-	-	-	-	136.5
Utilities	-	-	-	1.0	-	-	-	-	-	-	-	34.1
Employee AP Payments	-	-	-	-	-	-	-	-	-	-	-	-
Taxes/Government Fees	-	-	-	-	-	-	-	-	-	-	-	-
Product Testing Fees	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Payroll	27.3	149.7	42.1	60.9	11.5	23.0	4.6	6.5	125.7	-	-	2,010.3

Payroll												
NJ Payroll	45.9	-	41.7	-	27.0	-	19.0	-	-	-	-	574.3
CA / NC Payroll (includes some NJ)	-	-	-	-	-	-	-	-	-	-	-	96.5
Field Sales Commissions	-	-	-	-	-	-	-	-	-	-	-	-
Total Payroll	45.9	-	41.7	-	27.0	-	19.0	-	-	-	-	670.7

Intercompany Transfers OUT												
Amram's (Canada)	-	-	-	-	-	-	-	-	-	-	-	-
Korea	-	-	-	-	-	-	-	-	-	-	-	-
Total Intercompany Transfers	-	-	-	-	-	-	-	-	-	-	-	-

TOTAL CASH OUTFLOWS												
	73.2	149.7	83.8	120.9	38.5	23.0	23.6	6.5	125.7	-	-	2,875.8

NET CASH FLOW												
	720.1	643.6	1,676.9	199.1	121.5	119.5	51.4	4,188.6	(0.9)	-	-	13,484.0

The Rite Aid Companies, Inc.
 Departmental Detail
 Report Title
 22471
 The Rite Aid Companies, Inc.
 The following information is provided for informational purposes only. It is not intended to be used for legal or financial purposes. The information is provided for informational purposes only. It is not intended to be used for legal or financial purposes. The information is provided for informational purposes only. It is not intended to be used for legal or financial purposes.

Supplier Group	Description	Vendor	3/4/2011	3/11/2011	3/18/2011	3/25/2011	4/1/2011	4/8/2011	4/15/2011	4/22/2011	4/29/2011	5/6/2011	5/13/2011	5/20/2011	5/27/2011	6/3/2011	6/10/2011	6/17/2011
Facility Rent		Canbury	106,250									245,000						
		Rita Miller	7,754															
		Enoco Partners		40,000								40,000						
		Cardinal Health															5,000	
		Xerox/Over - NC	2,119															
Total Facility Rent			116,123	40,000								285,000					5,000	
Showroom Rent		Americasart																
		Merchandise Mart																
		LA Mart																
		Behrora																
Total Showroom Rent																		
Total External Commissions		External Sales Agent Co		16,469														
Contract Labor		Nort Day	2,818	2,031														
		Staffing Alternative																
		Express																
		Other																
Total Contract Labor			2,818	2,031														
Professional Fees		Midmark		8,731														
		Jim Madonna Marketing																
		YB Lee		21,850														
		Norman Pratt																
		BDO	15,000	15,000														
		The Assurance Group																
		Freelance Artists																
		Abel Curris																
		York International/MCCO	37,775															
		Hirelight		33														
		ADP		800														
		CTG	33,274	24,785														
		BR Pro Fees (see tab)																
Total Professional Fees			86,049	50,346														
Legal		Litigation Settlement		73,436														
		Legal Fees (Gibson)																
Total Legal				73,436														
Equipment Leases		Apple		68														
		BBAT		2,604														
		Canon Financial																
		CTI Technology		4,808														
		Dell Financial		1,004														
		De Lage Landen Financial																
		LEASE LINE INC.		3,965														
		Priority Bowd Global																
		Konica/Leaf		932														
Laptop lease																		
Total Equipment				13,481														
Freight & Duty		AAWays	7,523	21,617														
		Fedex	21,280	60,356														
		US Customs	9,105	11,251														
		UPS	823															
		Other	46,933	16,032														
Total Freight			85,675	109,456														
Royalties		Quantity	30,870	140,980														
		NEI (0100K + 9 equal parts)																
		MUS																
		EMI		2,486														
		Denry																
		NHL																
		Monthly			12	13,367	1,181											

Disbursements Detail

1 of 6

printed on: 4/23/2011

The Russ Companies, Inc.
 Report Title: Disbursements Detail
 As of: 4/23/2011

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Supplier Group	Description	Vendor	3/4/2011	3/11/2011	3/18/2011	3/25/2011	4/1/2011	4/8/2011	4/15/2011	4/22/2011	4/29/2011	5/6/2011	5/13/2011	5/20/2011	5/27/2011	6/3/2011	6/10/2011	June
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Total Royalties	Royalties	Wells Fargo Bank	30,870	143,446	12	13,357	1,181	-	6,000	-	-	-	-	-	-	-	-	-
Banking	Bank Fees	Wells Fargo Bank	10,453	18,540	-	-	-	14,859	22,094	-	-	10,000	20,000	-	-	-	1,000	2,000
Total Banking			10,453	18,540	-	-	-	14,859	22,094	-	-	10,000	20,000	-	-	-	1,000	2,000
Benefits - Insurance/Health Care		Aetna (Claims)	51,494	23,780	22,159	46,238	37,800	68,663	25,000	170,000	-	-	-	-	-	-	-	-
		Aetna (Admin)	43,694	-	-	-	41,950	-	-	-	-	-	-	-	-	-	-	-
		ACS Benefit (Payflex)	278	338	-	-	418	-	-	-	-	-	-	-	-	-	-	-
		AlCOG (replaced by York)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Fidelity Security Life	1,409	-	-	-	1,420	-	-	-	-	-	-	-	-	-	-	-
		Prudential	14,522	1,511	-	-	21,655	-	-	-	-	-	-	-	-	-	-	-
		Other	-	-	-	-	8,140	-	-	-	-	-	-	-	-	-	-	-
Total Benefits Insurance/Health Care	Employee Benefits		111,398	25,639	22,159	46,238	172,184	68,663	25,000	170,000	-	-	-	-	-	-	-	-
Credit Cards		Diner Club	-	-	54,266	-	-	-	-	-	-	-	-	-	-	-	-	-
		American Express	8,095	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Credit Cards	Credit Card Payments		8,095	-	54,266	-	-	-	-	-	-	-	-	-	-	-	-	-
Services/Supplies/General		ACE DISTRIBUTION SERV	-	-	-	-	1,796	-	-	-	-	-	-	-	-	-	-	-
		ADT SECURITY SERVICES	-	-	178	-	-	-	-	2,836	-	-	-	-	-	-	-	-
		AIR TECH SYSTEMS OF NE	-	1,889	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		ALADDIN TRAVEL AND MTR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		CANON FINANCIAL SERV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		CAPITOL STEEL PRODUCT	-	2,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		COFFEE AMBASSADOR	-	-	-	-	274	-	-	-	-	-	-	-	-	-	-	-
		COFFEE DISTRIBUTING CO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		COMPLETE OFFICE OF CA	-	83	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		CRYSTAL SPRINGS WATER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Intl Paper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		KICKS ENTERTAINMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		KONICA MINOLTA BUSINE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		LANDSBERG	-	-	-	1,158	-	5,654	-	-	-	-	-	-	-	-	-	-
		LAMBERG SERVICE CO.	-	492	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		NORTHEASTERN BUILDING	-	312	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		ONE NETWORK ENTERPRI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		ORION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		PERFORMA	-	2,361	990	2,432	-	-	-	-	-	-	-	-	-	-	-	-
		PITNEY BOWES PRESORT	6,000	-	1,056	-	-	-	-	-	885	1,046	-	-	-	-	-	-
		POLAND SPRING WATER	-	161	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		POSTMASTER	-	-	5,000	-	5,000	2,500	-	-	-	-	-	-	-	-	-	-
		PREMIER BARCODE SYST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		PROTECTIVE MEASURES	-	2,568	-	-	-	-	-	1,284	-	244	-	-	-	-	-	-
		QUENCH USA LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		RAYMOND OF NEW JERSE	-	874	-	-	1,015	-	-	800	-	550	-	-	-	-	-	-
		REGENCY MAINTENANCE	-	3,242	-	1,824	-	-	-	-	-	-	-	-	-	-	-	-
		ROBERT E. MOE	-	29	-	-	-	29	-	-	-	58	-	-	-	-	-	-
		S.O.S. GASES INC.	-	-	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-
		SHRED-IT	-	-	801	-	-	1,258	-	-	-	-	-	-	-	-	-	-
		STAPLES BUSINESS ADVA	-	551	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		ST CHARLES	-	-	516	-	346	361	-	-	-	272	-	-	-	-	-	-
		SUBURBAN PROPANE	-	-	3,980	-	-	-	-	-	-	3,980	-	-	-	-	-	-
		SYSTEMS & PROGRAMM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		AA&A Print	-	112	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		BOSLANDS FLOWER SHOI	-	207	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		BUCKEYE BUSINESS PRO	-	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		THE WESTIN (SD)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		MCMaster-CARR SUPPL	-	-	326	-	-	-	-	-	-	-	-	-	-	-	-	-
		MISCELLANEOUS	-	-	20,186	670	3,759	-	-	-	-	-	-	-	-	-	-	-
		Physical Inventory Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Services/Supplies/General	Services / Supplies		6,000	15,612	33,035	6,359	11,916	9,802	-	5,420	1,385	11,402	5,500	41,000	878	500	500	1,108
Telephone/IT		ABRAMS GENTILE ENTERI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ERP Software		APPRISE SOFTWARE INC	-	-	8,320	-	-	8,320	-	-	8,320	-	-	-	8,320	-	-	-
Phone Lines (not-rates) converted to payloc		AT&T	-	2,284	-	-	-	675	-	531	-	-	-	-	-	-	-	-

Disbursements Detail

2 of 6

Printed on: 4/23/2011

The Russ Companies, Inc.
 Report Title: 0113 Data
 As of: 4/23/2011

The accompanying financial information is based on information provided by The Russ Companies, Inc. and is not audited. The company has not audited or otherwise verified the information presented in this report. The company is not responsible for the accuracy or completeness of the information presented in this report. The company is not responsible for the accuracy or completeness of the information presented in this report. The company is not responsible for the accuracy or completeness of the information presented in this report.

Budget Group	Description	Vendor	Month											Total
			1	2	3	4	5	6	7	8	9	10	11	
Phone Lines (Con-1155) converted to payee		AT&T - UNIVERSAL BILLER	ACT	ACT	ACT	ACT	ACT	ACT	PROJ	PROJ	PROJ			
Telecom Hardware		AVAYA FINANCIAL SERVICE			2,000	1,392				2,000				
Laptop Software		EXCEL COMMERCIAL		9,217		9,717		59						2,000
EDN		GLOBAL CROSSING					74			41			41	
EDN		GXS		1,185				1,471			1,015		3,201	
EDN		IBM												
Telecom		MCN WORLDWIDE		10										
Phone System		MCN, INC.		1,134		1,134				1,134		1,134		
		OVERCOFFEE PRODUCT		6,505				6,321						3,500
Maint. For servers		PCT INC		7,267	2,946				10,419					
International MPLS Lines		SPRINT		15,021		4,011				43		7,500		
		SUPPLYONE NEW YORK									92	1,473		
		USA MOBILITY WIRELESS									4,502			
		VERIZON MOBILITY				5,731								
		VERIZON BUSINESS				975						2,168		
		VITAL RECORDS INC.											750	
		WORLD AT WORK												
		TRADE NETWORK								245				
		R. R. BOWKER				163					490			
		RONCO			879						48			
		MISCELLANEOUS		4,557		57		350						
		PEER 1 DEDICATED HOST		47,191	15,395	23,180			10,990	4,463	21,036	11,007		
Total Telecom/IT														
Utilities		PSE&G		1,010		64,367							30,000	
		Medco Waste				90			67				1,057	
		Other		668	90	64,367	94						1,000	
Total Utilities				1,677	90	64,367	94		67				1,057	
Employee AP Payments		Louis Valente				4,167								
		Ken Simmons												
Total Employee		Other (SD)		22,503	1,211	4,880	4,014	12,800	2,840					
				22,603	1,211	4,880	8,180	12,800	2,840					
Taxes/Government Fees				1,013	125	46,654	25	6,708	1,587	2,866	500			
April, Oct & Sept Income Tax Payments Due														
Testing Fees (Inventory)		Product Testing Fees		20,000	15,000		15,000							
Payroll														
NU Payroll				426,279		393,242		390,739			241,133		69,392	
CA / NC Payroll (includes some NU)				219,266		169,546		188,171		150,000	76,465	20,000		45,879
Field Sales Commissions				112,895				111,880						
Payroll				426,279	312,161	393,242	169,546	390,739	301,161	370,000	317,618	20,000	110,172	48,879
Intercompany		Amant's (Canada)		239,267	225,221	122,000	140,000	250,000	200,000	205,000	687,474			0
		Korea					157,000			75,000				
Total Intercompany		Overseas expense		239,267	225,221	122,000	297,000	250,000	200,000	205,000	772,474			
Sum Disbursements				1,167,573	1,131,267	995,290	651,342	1,018,105	934,791	902,530	1,401,644	956,789	395,586	149,726

Disbursements Detail

The Russ Companies, Inc.		Disbursements Detail													
Report Title		As of													
Supplier Group		Description													
		Vendor		12	13	14	15	16	17	18	19	20	21	Total	
				6/24/2011	7/1/2011	7/18/2011	7/15/2011	7/22/2011	7/29/2011	8/6/2011	8/13/2011	8/19/2011	8/26/2011	Post Period	
Facility Rent		Crabtree												245,000	
		Rita Miller												-	
		Enoco Partners												-	
		Cardinal Health			5,000									50,000	
		Xpress/Key - NC												-	
Total Facility Rent					5,000									295,000	
Showroom Rent		American												-	
		Merchandise Mart												-	
		LA Mart												-	
		Benafra												-	
Total Showroom Rent														-	
Total External Commissions		External Sales Agent Co												-	
Contract Labor		Next Day												-	
		Staffing Alternative												-	
		Express												-	
		Other												-	
Total Contract Labor														-	
Professional Fees		Midmark												-	
		Jim Madonna Marketing												-	
		YB Lee												-	
		Norman Prael												-	
		BDO												-	
		The Assurance Group												-	
		Freelance Artists												-	
		Abwell Curtis												-	
		York International/ACC			20,000									122,700	
		Flightlight												-	
		ADP			500		500		5,000					11,000	
		CTG												-	
Total Professional Fees				19,306	50,308	5,973	2,244	3,585	1,543	125,657		70,000	10,000	1,297,269	
		BK Pro Fees (see lab)		39,806	50,308	6,473	7,244	3,585	1,543	125,657		70,000	10,000	1,430,969	
Legal		Litigation Settlement												-	
		Legal Fees (Gibson)												-	
Total Legal														-	
Equipment Leases		Apple												-	
		BB&T												-	
		Canon Financial												-	
Sales force laptops		CIT Technology												10,000	
Sales force laptops		Dell Financial												-	
		Dell Large London Financial												-	
Warehouse trucks		LEASE LINE INC.												537	
		Pitney Bowes Global												-	
Laptop lease		Konica/Leaf												-	
Total Equipment														10,537	
Freight & Duty		ALM-Ways												1	
		Fedex												21,000	
		US Customs												28,260	
		UPS												7,500	
		Other												-	
Total Freight														54,760	
Royalties		Quantity			60,000									140,000	
		NFL (310K + 9 equal pays)												-	
		MLB												-	
		EMI												-	
		Cheray												-	
		NHL												-	
		Monthly												-	

5 of 6

Disbursements Detail

The Russ Companies, Inc.				Disbursements Detail													
Report Title:				As of:													
				12	13	14	15	16	17	18	19	20	21				
														</			

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		w/e	w/e	w/e	w/e	w/e	w/e	w/e	w/e	w/e	w/e	w/e	w/e	w/e	w/e	w/e
		03/04/11	03/11/11	03/18/11	03/25/11	04/01/11	04/08/11	04/15/11	04/22/11	04/29/11	05/06/11	05/13/11	05/20/11	05/27/11	06/03/11	06/10/11
Professional Fees (As disbursed)																
Trustee Legal Counsel	100%	-	-	-	-	-	-	-	-	-	-	82,500	-	-	-	-
Canada Receiver and Legal	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ch. 7 Trustee Fees	100%	-	-	-	-	-	-	-	-	-	-	10,191	43,559	9,954	113,825	21,523
Senior Secured Lender Legal	100%	-	-	-	-	-	-	-	-	-	-	78,500	-	-	-	-
Financial Advisor to Trustee	100%	-	-	-	-	-	-	-	-	-	-	1,500	-	-	-	-
Creditor Comm. Counsel	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Creditor Comm. Financial Advisor	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United States Trustee	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noticing Agent -	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Junior Secured Lender Legal -	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Advisor (transition) CTG	100%	-	-	-	-	-	-	-	-	-	-	31,700	-	-	-	-
Ch. 7 Trustee Expenses	100%	-	-	-	-	-	-	-	-	-	-	5,000	-	-	-	-
Privacy Ombudsman	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accountants -	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carve Out/Esrow calculation	-	-	-	-	-	-	-	-	-	600,000	600,000	(115,700)	-	-	-	-
Totals	Month Totals	-	-	-	-	-	-	-	-	600,000	600,000	91,891	43,559	9,954	113,825	21,523
Professional Fees Budget (Incurred)																
Trustee Legal Counsel	Retainers	April	May	June	July	August	Sept	Oct	Nov	Total						
Canada Receiver and Legal	1	80,000	120,000	110,000	-	-	-	-	-	310,000	-	-	-	-	-	-
Ch. 7 Trustee Fees	2	-	63,704	228,563	14,745	125,657	-	-	-	430,669	-	-	-	-	-	-
Senior Secured Lender Legal	3	75,000	100,000	55,000	20,000	-	-	-	-	250,000	250	-	-	-	-	-
Financial Advisor to Trustee	-	-	30,000	45,000	50,000	-	-	-	-	125,000	-	-	-	-	-	-
Creditor Comm. Counsel	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Creditor Comm. Financial Advisor	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United States Trustee	6	-	-	-	30,000	-	-	-	-	40,000	-	-	-	-	-	-
Noticing Agent -	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Junior Secured Lender Legal -	8	27,200	68,400	-	-	-	-	-	-	95,600	-	-	-	-	-	-
Financial Advisor (transition) CTG	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ch. 7 Trustee Expenses	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Privacy Ombudsman	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accountants -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carve Out/Esrow calculation	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals		182,200	382,104	438,563	114,745	125,657	-	10,000	-	1,251,269	-	-	-	-	-	-
Professional Expenses Budget (Incurred)																
Trustee Legal Counsel	Retainers	April	May	June	July	August	Sept	Oct	Nov	Total						
Canada Receiver and Legal	1	2,500	2,500	2,500	-	-	-	-	-	7,500	-	-	-	-	-	-
Ch. 7 Trustee Fees	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Secured Lender Legal	3	1,500	1,500	1,500	-	-	-	-	-	4,500	-	-	-	-	-	-
Financial Advisor to Trustee	-	1,500	2,500	-	-	-	-	-	-	4,000	-	-	-	-	-	-
Creditor Comm. Counsel	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Creditor Comm. Financial Advisor	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United States Trustee	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noticing Agent -	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Junior Secured Lender Legal -	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Advisor (transition) CTG	9	4,500	10,500	-	-	-	-	-	-	15,000	-	-	-	-	-	-
Ch. 7 Trustee Expenses	10	5,000	5,000	5,000	-	-	-	-	-	15,000	-	-	-	-	-	-
Privacy Ombudsman	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accountants -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carve Out/Esrow calculation	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals		15,000	22,000	9,000	-	-	-	-	-	46,000	-	-	-	-	-	-

